

CIA/OER/S-06840-75 Approved For Release 2003/02/28 : CIA-RDP80-00650R000000020001-9 WORLD CRUDE STEEL CAPACITY
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WORLD CRUDE STEEL CAPACITY

World crude steel production capacity was an estimated 748 million metric tons (mmt) in 1974. Free world developed countries accounted for most of the capacity, 62%. Communist countries accounted for 28% and IDC's the remainder. By 1980, between 200 mmt and 250 mmt of new capacity is expected to be installed. At the end of 1974 world steel producers had formalized plans to increase capacity by at least 200 mmt over the next 5 years. The recent sharp fall in world steel demand, however, may force some postponement of expansion plans.

Major developed countries are tentatively planning to add some 75 to 100 mmt to capacity by 1980. If plans are carried out, Japan would have the largest increase -- hiking capacity by 40 mmt to 170 mmt. By comparison, the US industry has announced plans to construct only about 15 mmt of new capacity. Last year industry spokesmen indicated some 25 mmt would be required to avoid serious shortages by the early 1980's. The EC countries, with a combined capacity of 170 mmt in 1974 will increase their capacity to perhaps 200 mmt by 1980. The UK, France and Italy have already announced plans to expand their combined capacity by 15 mmt. Among smaller industrial countries, Australia and Canada have the most ambitious expansion plans.

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Communist countries are expected to continue adding to their capacity over the next 5 years. In recent years the increase has averaged about 21 mmt annually, a pace likely to be maintained. This would raise their combined capacity to some 275 mmt by 1980. The USSR now accounts for 18% of world steel capacity and 70% of the communist country total. As a group they consume all of their steel production. China is the largest importer, taking most of the 10 mmt of steel imported last year by communist countries.

By far, the most ambitious expansion programs are scheduled in the LDCs, particularly in Latin America and Middle East countries. Among major Latin American countries, Brazil and Mexico are undertaking the largest investment programs -- more than doubling current capacity. Brazil, for example, is planning to spend nearly \$3 billion to increase its current steelmaking capacity from 12 mmt to some 20 mmt by 1980. Smaller Latin American countries have plans to add about 3 mmt to their combined capacity. Most of that increase would be in Venezuela.

Middle East countries have announced programs to expand steelmaking capacity nearly 12 mmt by 1980. Iran, for example, has plans to spend nearly \$2 billion to increase its capacity from less than 1 mmt to 6 mmt. Saudi Arabia and Qatar also have relatively large expansion plans. Among the Asian LDCs only India and South Korea are planning sizable increases to their capacity -- India intends to increase its steelmaking

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capacity by 5 mmt, while South Korea plans to nearly double its capacity to some 4 mmt by 1980.

Most of the new steelmaking capacity in LDCs will be used to meet domestic requirements. Generally, steel production will consist of structural products such as bars, rods, beams and sheets for use in construction projects. Some steel products will be exported to the developed countries, although the amounts will probably not be very large. Among the larger LDC's the only countries likely to emerge as significant steel exporters are Brazil, Mexico, South Korea and possible Venezuela.

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CRUDE STEEL PRODUCTION CAPACITY
(1,000 metric tons)

	<u>Actual</u> <u>1974</u>	<u>Planned</u> <u>1980</u>
<u>Developed Countries</u>		
United States	145,000	160,000
Canada	14,500	19,000
Japan	130,000	170,000
<u>Western Europe</u>		
<u>EEC</u>		
West Germany	57,000	N.A.
France	29,000	34,000
Italy	25,500	31,000
United Kingdom	26,000	31,000
Belgium	18,000	N.A.
Luxembourg	7,000	N.A.
Netherlands	7,000	N.A.
Denmark	700	N.A.
Ireland	200	N.A.
<u>Other Western Europe</u>		
Spain	13,000	20,000
Sweden	7,000	N.A.
Austria	5,000	6,000
Turkey	2,000	7,000
Other	6,000	N.A.
<u>Oceania</u>		
Australia	8,500	11,500
New Zealand	200	N.A.
<u>Communist Countries</u>		
USSR	142,000	178,000
PRC	28,000	38,000
Other	42,000	57,000
<u>Less Developed Countries</u>		
<u>Asia</u>		
India	9,000	14,000
South Korea	2,200	4,000
Other	3,000	N.A.
<u>Latin America</u>		
Mexico	6,000	13,000
Brazil	8,000	20,000
Other	6,000	9,000
<u>Middle East</u>		
Iran	800	6,000
Other	900	7,500
 WORLD TOTAL	 749,500	 980,000*

*Estimated

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